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Frost damage, Brazil.

Report on Brazil's Coffee Crop

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Virtually half of all Brazil's coffee trees were damaged by the frost that struck in mid-July. Here, plantation workers severely prune trees in hopes they will survive. A first-hand report on the damage wrought by the frost begins this page.

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Frost Chills Brazil's Coffee Output Prospects

By J. PHILLIP ROURK
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THE FAMILIAR REFRAIN—"They've got an awful lot of coffee in Brazil"—has been thrown seriously into question by the widespread frost that severely damaged virtually half of all Brazil's coffee trees in mid-July.

Literally overnight, the Brazilian coffee scene—characterized by soaring output, adequate stocks, and lagging exports—did a sharp turnaround, reacting vehemently to prospects that next season's coffee output may be cut by more than half. Brazilian response ranged from a temporary embargo on exports to quick initiation of programs to assist producers, while on world markets, the price of green coffee zoomed by about 30 cents a pound.

Fortunately, Brazilian growers had already harvested this season's coffee crop, which came in at a strong 23 million bags (132 lb each), consistent with a recent trend of rising production. But the 1976/77 crop (October-September marketing year) is likely to be less than half this level, totaling perhaps only 8-11 million bags. And it may be 1979 before Brazil's production potential is restored to its prefrost level.

Brazil is the world's leading producer of coffee, followed at a respectable distance by Colombia, the Ivory Coast, and Mexico. And the United States is the world's top buyer of coffee, exceeding by far the imports of other leading purchasers in Western Europe.

In 1974, however, U.S. purchases of Brazilian coffee slumped to only 2.7 million bags, against 4.6 million in 1973 and 6.2 million in 1972, pulled down by an import slowdown and lower prices for competing growths. Brazil continued as the leading U.S. supplier of soluble (instant) coffee in 1974, supplying 1.2 million bags g.b.e., (green-bean equivalent).

To evaluate the extent of the frost damage and to discuss its implications with growers and officials, a two-man U.S. team[1] toured 3,000 miles of Brazil's coffee-growing areas from August 2-19. Their field observations confirmed earlier surveys made by the Brazilian Coffee Institute (IBC), which suggested that more than 1.5 billion coffee trees were affected, to a greater or lesser extent, out of a total tree population of about 2.8 billion.

IBC estimates that the frost injured 100 percent of all Paraná's coffee trees, 66 percent of São Paulo's, 10 percent of those in Minas Gerais, and 80 percent of those in Mato Grosso, a minor producer.

First-hand observations by the U.S. team verified these conclusions. There seems little question, they reported, but that the July 17-18 freeze was the worst—in terms of area covered and severity—within living memory.

AS THE TEAM swung through northern Paraná's coffee zone, for example, not a single green leaf was seen on any coffee tree, and all trees, with no exceptions, showed frost damage.

In São Paulo—second largest coffee producer after Paraná—damage was less widespread and slightly less severe. Damage was confined to the western half of the State, which contains about two-thirds of its coffee trees. While the majority of trees in this area were totally frost burned, occasional farms suffered damage only to the upper half of the top branches of trees.

In Minas Gerais, the third most important coffee State, only slight damage was noted, primarily to the lower rows of trees on hillsides or other areas where cold air tended to settle.

A more precise estimate of the damage to trees will have to wait until at least October, after the rains come and the extent of new growth can be determined. Now, however, it appears that about 20 percent of Paraná's coffee trees were killed outright, as were perhaps 10 percent of those in São Paulo. Most of Paraná's remaining trees will need to be severely pruned, which means cutting them back to a stump

[1] **The author was accompanied by Leon Yallouz, Agricultural Office, U.S. Consulate General, Rio de Janeiro.**

8-10 inches high. Some may need only to be topped to a height of 1-1.5 meters, in which case, of course, recovery will be much quicker.

In São Paulo State, the outlook is complicated by mild drought, so that trees were in rather poor condition even before the frost. If dry weather continues for a few more weeks, the trees will be very slow to recover. Frost injury itself was less severe than in Paraná, and a higher percentage of trees will require only moderate pruning.

Production. Since harvesting of the 1975/76 crop was nearly complete when the frost swept through, production was unaffected. USDA currently estimates this crop at 23 million bags, although the IBC and other Brazilian sources believe it was no more than 21 million.

The 1976/77 crop, to be harvested beginning next May, will be drastically reduced. Because all trees were either killed or require severe pruning, Paraná will produce virtually no crop at all next year. Production will also be severely reduced in São Paulo, so that total production for 1976/77 is set at 8-11 million bags.

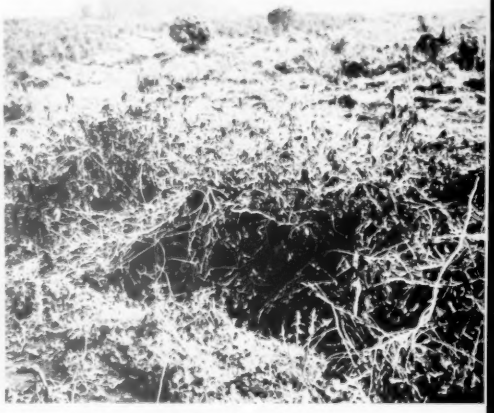
And the frost will continue to make itself felt into the following season. The 1977/78 crop will be significantly below normal, although production can not be accurately forecast before late 1976.

Acting through IBC, the Brazilian Government moved promptly and energetically to offset the effects of the frost.

On August 1, the IBC raised the guaranteed support prices to the farmer from Cr$500 to Cr$700 per 60-kilogram bag (Cr$8.28=US$1) and reopened export registrations, which had been closed right after the frost. Minimum export prices were set at 80 U.S. cents a pound f.o.b. for August, 82 cents for September, and 84 cents for October.

On August 8, the Government announced a comprehensive emergency rehabilitation plan for the coffee sector, which provides for financing up to a total of Cr$8.1 billion, nearly US$1 billion. Money will be available, on easy terms, for virtually any activity related to coffee, including

- Pruning of damaged trees;
- Replanting of dead trees;
- Planting of certain food crops between the rows to provide income while



The verdant richness of coffee trees on a Brazilian plantation, top, contrasts starkly with the withered leaves and bare branches left in the wake of the savage frost that blanketed Brazil's main coffee areas July 17-18. Seriously damaged trees, above left, were pruned to the stump, and will take up to 4 years to produce—if they survive. Those that could not be salvaged were uprooted, above, to be replaced with new trees or alternative crops.

the farmer waits for his coffee to come back;

- Establishment of coffee nurseries;
- Planting of 100 million coffee trees in new areas where frost is less likely; and
- Purchase of fertilizer, chemical inputs, and machinery and equipment.

For those farmers who wish to get out of coffee entirely, the measure provides for a stretchout of present debts and Bank of Brazil financing for other crops.

Brazil's coffee future will hinge largely on planting decisions by individual farmers. Although it was a little too soon after the event to judge the precise farmer reaction to the disaster, the situation seems to be as follows:

In Paraná, between 300-400 million trees of the prefrost total of 915 million are likely to be pulled out. Perhaps half of these were young trees killed by the frost, and about 100 million will be replaced by new trees. The remainder were old trees, some in marginal areas. Thus, there may be a net reduction of 200-300 million coffee trees.

In general, it will be the larger farms that shift out of coffee. These farmers have the experience and equipment to move into the increasingly popular wheat/soybean rotation, or into sugar cane. For many, it will simply mean an acceleration of a trend that was already underway.

"the 1976/77 crop . . . is likely to be less than half (this season's), totaling perhaps only 8-11 million bags. And it may be 1979 before Brazil's production is restored to prefrost levels."

The smaller farmers may be expected to stay in coffee. Their lands are generally small in size and less suitable for mechanization and, in any event, they lack machinery and knowhow for alternative crops. While coffee trees are recuperating, these farmers will probably plant corn, beans, and rice between the rows to supplement their incomes.

The Government's program has been well received and will encourage many to try to rehabilitate their farms. In São Paulo State, particularly, no significant amount of coffee is likely to be pulled out.

Exports. Brazil's exports of coffee, both green and soluble (in g.b.e.) during the 5-year period 1969-1974 averaged 18.4 million bags of 60 kilograms each. In 1974/75, exports plunged sharply to 13.4 million bags, as consuming countries (both Europe and the United States) drew down stocks accumulated earlier. As an aftermath of the frost, exports during the next 2 years or more will likely slide even further.

The IBC, as of July 1, 1975, held some 15 million bags in carryover stocks. However, the Government has announced that stocks will be held in reserve and will not be available for export at least until mid-1976. They feel there is ample coffee in private hands to take care of both domestic and foreign demand during the next year.

An interview with IBC president Camilo Calazans cast further light on the coffee price and supply situation. In his opinion, world coffee supplies will be ample in coming months, even in the face of Brazil's export slowdown. Offerings from Colombia and Central America, from stocks and their impending 1975/76 harvest, he said, should adequately meet world market demand for Arabica.

In consequence, Calazans continued, world market prices should hold steady for the next few months, although he believes that current prices are not excessive in relation to increased production costs. By next April, however, he said, green coffee prices could spurt upward sharply from the present 85-90 U.S. cents per pound.

In spite of the market disarray caused by the frost, Brazil is still in favor of a new International Coffee Agreement, which it believes can be finalized during the November negotiating session in London. Brazil's position with respect to the quota provisions has not changed, Calazans emphasized, and the country would simply declare shortfalls for the next few years while production returns to normal levels.

To provide supply assurances, the United States and other coffee-consuming countries have suggested that provisions dealing with undershipments be included in the new international coffee agreement. Thus, exporting nations that could not meet their quotas would be responsible for notifying the International Coffee Organization, so that their shortfalls could be redistributed.

The IBC, Calazans indicated, is particularly interested in stimulating production in new areas not subject to frost, such as Minas Gerais, Bahia, and Rio de Janeiro States. Higher prices might, however, lead to some overplanting. Brazil's official goal is still to stabilize output at 28-30 million bags annually.

India Sees Strong Growth in 1975/76 Coffee Exports

Higher world prices for coffee and larger sales to the USSR are expected to bolster the value of India's coffee exports in 1975/76 (April-March) according to the *Economic Times of India*. The quantity is expected to increase slightly above the 55,706 tons exported during 1974/75, but the average export price is likely to be considerably higher. This would push the value of India's coffee exports in 1975/76 to $100 million—up from $77.9 million in 1974/75 and only $29.4 million in 1971/72.

Total production of coffee in India during 1975/76 is currently estimated by USDA at 93,000 tons, slightly less than the 96,000 tons produced in 1974/75.

The United States was India's major export market for coffee in 1973/74—taking about 14,000 tons valued at $14.2 million—but shipments to the United States during 1974/75 plunged by about 45 percent. Rising sales to the USSR and Europe helped offset the decline, pushing total coffee exports from 52,688 tons in 1973/74 to 55,706 in 1974/75.

The USSR took 17,000 tons of Indian coffee in 1974/75 and purchases by Moscow traders could reach 20,000 tons in 1975/76. Yugoslavia, Czechoslovakia, Hungary, and West Germany are expected to purchase over 3,000 tons each in 1975/76. Purchases by the United States might reach 10,000 tons. India's coffee exports to Mideast markets are also on the rise.

—By JOHN B. PARKER, ERS

Good Weather Boosts PRC's Crops, Reduces Import Needs

By MARION R. LARSEN and CAROLYN L. WHITTON
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THE PEOPLE'S Republic of China (PRC) seems headed toward a banner agricultural year in 1975 as a result of record crops during the spring-summer harvest season and favorable weather so far for the fall crops.

If achieved, the bumper harvest would be the third in a row and continue the recent decline in PRC agricultural import needs, especially for grains. The United States already has felt the impact of this slackened demand, with shipments of farm products in fiscal 1975 down to less than half the fiscal 1974 record and virtually no export sales made so far in fiscal 1976.

PRC officials have hailed the spring-summer harvest of 1975 as the best ever —a claim that seems justifiable. Increases of as much as 10-20 percent over the good 1974 crop have been reported for 17 of 24 producing Provinces.

By August 2, the State plan for total summer grain deliveries (taxes) and purchases had been completed and exceeded procurements during the same period of 1974—a good sign of a large harvest. While weather in some areas was less than favorable, its impact apparently was offset by the country's unprecedented efforts to manage irrigation water, as well as by other farmland improvements and increased inputs.

Included in this spring-summer harvest are crops planted in the preceding fall, winter, and spring and harvested in the first 7 months of the year—winter and spring wheat, rapeseed, winter barley, pulses, vegetables, and early rice.

Among the grains, winter wheat is dominant, accounting for close to two-thirds of land sown to winter grains. Along with winter barley and pulses, it makes up about one-fourth of total grain acreage and one-fifth of grain output. (This figure probably includes sweetpotatoes, grain-equivalent basis, grown in the southern Provinces during the winter.) The addition of the early rice crop brings the total spring-summer harvest of grains to about one-third of total grain production.

Expanded plantings and high yields in the 6 major producing Provinces in the north and 13 minor producing Provinces in the south boosted winter wheat production to a new high this year. In the North China Plain, timely rains in April overcame the negative impact of earlier dry weather to achieve a record production. In the northeast, however, a lack of rain until late June resulted in a spring wheat crop that was probably no better than last season's mediocre production.

Other important winter crops, including vegetables and rapeseed—the leading winter oilseed—also exceeded those of 1974. Excessive early-season rainfall and low temperatures in much of the Yangtze River Basin apparently cut rapeseed yields in Hunan and Kiangsi Provinces—two important rape-growing areas. But weather in the other producing areas appears to have favored the crop, with most Provinces reporting expanded production on increased acreage. The official claim was a 60 percent leap in acreage and a 50 percent jump in production over levels recorded in 1970.

"If realized, this would mean the third straight record for PRC grain output, which totaled 259 million tons last year, according to revised USDA estimates, and 250 million in 1973."

Reports from most rice-producing Provinces except Kwangtung—the leading producer—indicate a gain in production of early rice. In Kwangtung, prolonged rain, cloudy days, and low temperatures may have prevented realization of the sizable gains anticipated earlier, although some reports indicate a "bumper" crop in the Province. If Kwangtung's crop results were indeed good, the PRC could about equal, or even exceed, last year's record production of early rice.

Looking ahead, timely precipitation in the northern part of the country in late July alleviated problems with dry soil and gave a boost to fall-maturing crops there. Heavy rains in much of central China during the first part of August possibly caused some local flooding, but they also supplied needed moisture to a large part of the autumn crops. (The crop situation will be measured following further reports on flood conditions.)

Hence, barring extensive weather damage in the next few months, China should surpass its unusually good 1974 season, when officials claimed record crops. (The crop situation will be reassessed following further reports on flood conditions.)

If realized, this would mean the third straight record for PRC grain output, which totaled 259 million tons last year, according to revised USDA estimates, and 250 million in 1973. Within this total, rice, miscellaneous grains, and tubers set alltime highs last year of 118 million, 82 million and 27.8 million tons, respectively, while wheat dropped 400,000 tons from its 1972 high of 31.6 million.

These successively good crops have sharply reduced the PRC's need for agricultural imports, thus further dimming U.S. sales prospects there after the sharp upswing in shipments during fiscal 1974. That year, the PRC ranked as one of the top U.S. farm markets, taking a record $851.5 million worth of U.S. agricultural products.

This status was short-lived, as shipments that had soared more than fourfold between fiscal 1973 and 1974 fell to $320 million in fiscal 1975—less than half the fiscal 1974 record. And U.S. farm exports to the PRC in fiscal 1976 have been estimated at only about $40 million.

The quick rise and fall in trade saw U.S. grain shipments to the PRC triple between fiscal 1973 and fiscal 1974 to 4.8 million tons and then decline by as much in fiscal 1975.

Shipments of cotton—the other major export to the PRC—followed a similar course, soaring from 484,000 bales (480 lb each) in fiscal 1973 to 921,000 in fiscal 1974 and then dropping to 384,000 in fiscal 1975.

AMAZONIA Part 2

Preference for Family Farms Noted in Amazonia Settlement

By R. L. BEUKENKAMP
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COLONISTS in Brazil's vast Amazonia region are grouped in small settlements (agrovilas) that serve as community centers as well as housing centers. Agrovilas have been developed in Maraba, Altamira, and Itaituba, and a ruropolis—complete with hospital, school, and repair center—at Brasil Novo.

INCRA (Instituto Nacional de Colonizacao e Reforma Agraria), the Government resettlement agency, soon discovered that although concentrated settlements such as agrovilas and agropolises had certain advantages, the individualistic mind of humankind led many settlers to prefer to live on their own land.

As a result, for the past 2 years, more emphasis has been given to settling colonists on farms along the Transamazonia Highway. Only new arrivals expressing preference for settlement in one of the agrovilas or agropolises are now assigned to these areas.

An important change in the screening process for prospective settlers became effective January 1, 1975. From that date, aspirant settlers were screened only in Amazonia, and not at their places of application. It is becoming apparent that the rate of influx of settlers is now sufficient to meet Government objectives.

The Government plans to settle an additional 71,000 colonists along the Transamazonia Highway in 1975. This relatively high figure may represent more wishful thinking than realistic appraisal of the numbers that can be absorbed, however. Nevertheless, it seems likely that the number of settlers will increase during the next 10 years, from the existing level of about 50,000 to about 500,000.

INCRA, after moving through the experimental stages of colonization, is now striving for consolidation, which is expected to take from 3 to 10 years. Thereafter, a situation of emancipation is to be attained, whereby the local units will have their own elected government and a degree of socio-economic independence.

Plans to build a new Transamazonia Highway north of the Amazon River are already in execution.

Most colonists are engaged only in subsistence farming (producing only for their own families) although the more knowledgeable farmers—a small percentage—are producing for market. "Market" in this connotation includes agrovilas, agropolises, ruropolises, and COBAL, the Government storage agency that receives products on behalf of the Government and guarantees minimum prices on Amazonia produce. Products collected in Government warehouses are shipped down river and brought into the broad Brazilian farm marketing system by COBAL.

Most Amazonian farmers thus are still far from commercialization of their production. There are limits to what can be produced on 124 acres (provided the colonists has managed to clear that much jungle), on poor soil, and without fertilizer. Most colonists produce mandioc, corn, sweet potatoes, and pineapples, and the more daring growing cocoa, fruit, and pepper for market.

The formation of co-ops could strengthen the position of farmers in the marketplace, but the heterogeneous composition of the colonies and the different backgrounds make a cooperative approach difficult at this point.

However, the nucleus of a fruitful, democratic cooperative movement (INCRA-inspired) can be found in the representation of farmers. Each unit of 10 farms on both sides of the Transamazonia Highway comprises a glebe, and each glebe has among its 20 farmers one elected to represent the glebe on such matters as education, seed distribution, medical problems, forest burning, and other subjects of concern.

Some observers believe that colonists with less initiative than others eventually will make their land available to their more energetic and market-oriented neighbors and will work for them. At that point, INCRA's present colonization project may begin to influence Brazil's total agricultural production from a commercial point of view.

The Brazilian Government is interested in encouraging private enterprise to enter Amazonia in a big way, in mining as well as agriculture. All-Brazilian ventures are given preference, but joint ventures involving nationals of other countries also are encouraged.

The Government also is interested in trying to transplant viable and strong farmer cooperatives from the south to Amazonia and thus create a stronger co-op infrastructure. Two such efforts seem close to reality. A co-op from Rio Grande do Sul is soon to open up about 500,000 acres southwest of Altamira, and another co-op from Sáo Paulo is contemplating an operation involving about 1 million acres northwest of Altamira. Both co-ops seem to have the will and the economic muscle to pursue these projects to fruition—a move that would be a welcome injection of technical know-how, administrative skill, and co-operative spirit.

GOVERNMENTAL horticultural research includes an herbarium near Manaus that has more than 50,000 different plants and 4,000 species of trees. However, there is little evidence of any practical extension activity flowing from this research.

Another research agency—EMBRAPA—concentrates on physiology of vegetables, soil chemistry, animal nutrition, forest ecology, and forest production and management, and still another agency—SUDEPE—conducts research on rivers and fish in cooperation with the Max Plank Institute of Germany.

About 1,500 species of fish have been identified, although only one enterprise (U.S.-owned) engages in export of frozen fish fillets to the United States, and another in the export of ornamental fish. The International Bank has agreed to grant $30 million for agricultural research through EMBRAPA.

In its effort to industrialize Amazonia, the Government has created an entity, SUFRAMA, to give tax incentives and make land available for industrial use. However, the few indus-

tries already established—including some U.S. companies—under the tax benefit program have constructed their plants so that they can easily be dismantled and moved in case the tax benefits should be withdrawn. SUFRAMA's headquarters, in contrast, are clearly built to last a long time.

Near Manaus, the Government has constructed an enormous food distribution center, consisting of a combination of wholesale and retail markets, a supermarket, restaurants, and bank buildings. Financing of this $7 million center was provided by the Brazilian Government, the Amazonas Government, and the U.S. Agency for International Development.

Manaus—located 1,000 miles up the Amazon River from Belém—is a city of contrasts.

Manaus is Brazil's only free port, and its retail shops sell a full range of products—from U.S. and European electrical and electronic equipment to Japanese motorcycles and U.S. printed college shirts. Prices, although at least twice as high as those in the United States, are still attractive to Manaus shoppers.

Frigomasa is a modern, well-designed slaughterhouse with a capacity of 500 animals per day. The average dressing-out percentage is 45 percent, excluding entrails. The substantial loss in weight of cattle shipped to Frigomasa from distant sources of supply (Belém is 6 days by water) suggests that it might be more efficient to ship carcasses or meat cuts to Manaus rather than live animals to be slaughtered far upriver.

Cattle-raising obviously is not a viable proposition on 124 acres so INCRA has allowed only a few cattle farms along the Transamazonia Highway. These farms currently support about 5,000 head of cattle. The Ministry of Agriculture has distributed about 1,000 head of good, average quality cattle among these few cattle farms.

There is sufficient grass and other vegetation to provide feed for the animal production of this area.

Cattle are normally grazed on the low-lying varzea lands, and when the river rises during the wet season the animals are moved to higher ground and in some cases must be placed on specially built platforms where they receive daily rations of cut grass brought in by boat or canoe. In the dry seasons, there is an abundance of pasture available on the fertile clay ground.

Small boats on Brazil's Amazon River, left. Workmen rest beside a recently felled tree, below. About 500,000 settlers are expected to settle along Transamazonia Highway in the next 10 years, up from the present level of about 50,000.

Because of increasing world demand for natural rubber, the pre-World War II rubber plantations are making a comeback. Between 1934 and 1945 the Ford Motor Company planted 5 million rubber trees on several Amazonia plantations. Production was abandoned after World War II, when Ford sold its property back to the Brazilian Government for a token price. In 1968, the Government began tending and cultivating the rubber trees again and has expanded a rubber tree nursery at Belterra from which the rubber-growing countries receive their saplings.

Since natural rubber again has a future—especially for industrial uses other than tires—Belterra plays an important role in supplying other plantations and industries with research and technical knowledge as well as with latex and plant material.

Ghana Reduces Farm Imports To Pay Its Higher Oil Bills

By LYLE E. MOE
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Lagos

HIGHER PETROLEUM prices are eroding Ghana's ability to import many U.S. farm commodities and products.

Thanks to increased earnings from cocoa exports, Ghana has expanded its volume of imports in recent years, and the United States has become a major supplier. But higher oil costs are now limiting the country's ability to import industrial as well as agricultural items.

As the world's leading supplier of cocoa, Ghana obtains about 75 percent of its export earnings from this one commodity. Cocoa prices have largely determined the volume and variety of the country's import capability. With the recent high world cocoa prices, Ghana has been able to increase its volume of imports. But Ghanaian cocoa production has been relatively constant during the past 10 years, while outturns have been increasing in Nigeria, Brazil, Cameroon, and Ivory Coast.

Ghana's share of world cocoa production was 38 percent in 1964-65, but currently is only about 30 percent. There are no large-scale cocoa rehabilitations or new planting schemes coming into bearing in the next several years. In the short term, favorable weather will be required for any production increases.

Ghana's other main export commodities are timber and gold.

The general performance of the Ghanaian economy in the 1960's was hardly satisfactory. As against population growth of 2.7 percent annually, gross domestic product grew at an average rate of only 2.5 percent in that decade. Real per capita income thus was lower in 1970 than in 1960.

Economic growth during 1970-73, however, moved ahead of population growth, thanks to a combination of new economic policies and favorable prices for export commodities. In 1973, Ghana attained a healthy trade surplus of $177.8 million, and it was widely hoped that better days were ahead.

In 1974, however, Ghana did not repeat its trade surplus of the previous year—primarily because of the increased cost of imported petroleum products. Ghana was forced to spend about $90 million more for crude oil imports in 1974 than in 1973—more than half the country's hard-won trade surplus of 1973 and more than the total foreign aid receipts expected from all sources.

Spending $90 million more for crude oil means, of course, that this much less was available for other imported items. Fortunately, most of Ghana's industry runs on hydroelectric power supplied by the Akosombo Dam generating station on the Volta River. Otherwise, the country's oil import bill would have placed extreme strains on the economy.

The Ghanaian Government is well aware that its trade income position—aside from higher oil prices—is vulnerable to the vagaries of world market conditions. World cocoa prices are notoriously unstable. Timber exports—Ghana's second largest earner of foreign exchange—dropped off sharply in 1974 as a result of a lower level of construction activity in Western countries.

AS A RESULT of these developments, Ghana is trying to limit the growth of its volume of imports by maintaining in full force the comprehensive import licensing and foreign exchange and allocation system that was reactivated in 1972. Nonetheless, the final trade figures for 1974 are expected to show a deficit. In addition to the higher oil bill Ghana must pay, import costs generally have been pushed up by world inflationary pressures.

U.S. agricultural exports to Ghana were valued at $11.5 million 1970, $22.4 million in 1973, but declined to $20 million in 1974. Exports of U.S. cotton were valued at $6.4 million in 1974; wheat, $6 million; tobacco, $2.9 million; and tallow, $1.5 million.

All of Ghana's wheat needs are imported, as climatic conditions in the country are not suited to wheat production. The demand for bread products had been increasing rapidly until 1974. But rising prices of wheat on the world market and domestically controlled flour prices put Ghana's mills in an economic squeeze. To keep the mills from closing, several increases in flour and bread prices were granted.

As a result of these increases, advancing demand has been checked—at least temporarily. Ghana's three flour mills currently are all operating well below capacity.

Ghana's wheat imports in 1974-75 are expected to be around 120,000 long tons, with some 80,000 tons coming from the United States.

CANADA, the major competitor in this market, has been granting funds for the purchase of its wheat as part of its foreign assistance program, but this program is being phased out, and it is anticipated that the United States will obtain a larger share of the Ghanaian market in the future.

Urban Ghanaians like bread, and local flour mill owners believe the need for wheat imports will increase meaningfully in the years ahead.

Cotton demand currently is about 60,000 bales annually, while domestic production is only about 5,000 bales, lint basis. Cotton consumption is increasing steadily. Aware of the increasing need for cotton imports, Ghana is accelerating its cotton production programs by encouraging textile mills to go into cotton production, engaging Egyptian cotton agriculturalists to assist in the programs, and negotiating a World Bank loan for a large-scale cotton development project.

The Ghanaian Government established a Cotton Development Board in 1968 to encourage farmers to grow cotton. The Board provides farmers with free cottonseed and extension services, plus subsidized insecticides and sprayers. The Board also is directly involved in cotton production.

Ghana's cotton production is expected to increase significantly in the years ahead, but while import needs may decline, they will not disappear. Ghana has been receiving the bulk of its cotton needs from the United States.

Ghana also obtains most of its tobacco imports from the United States. The country produces some 7 million pounds of leaf, but imports flue-cured tobacco for top-quality brands. Cigarettes are expensive in Ghana, as a result of a high excise duty, but demand

Ghanaians (left) harvesting cocoa, which accounts for about 75 percent of the country's export earnings. Ghana is the world's leading supplier of cocoa. Poultry (top) and natural rubber (above) are other Ghanaian agricultural products.

continues to increase at about 5 percent annually. U.S. sales of tobacco to Ghana are expected to increase accordingly.

Ghana's production of oilseeds is well below domestic needs. Mills thus must turn to imports for their fats and oils requirements. U.S. tallow is a favorite among soap manufacturers, but it faces a 50 percent ad valorem import duty, while palm oil has a 30 percent ad valorem duty.

Unless tallow prices are meaningfully lower, the Ghana mills normally import palm oil from nearby Ivory Coast. Ghana's needs for fats and oils are expected to increase faster than production, indicating a growing need for such imports—a situation that bodes well for U.S. tallow export prospects.

One of the bright spots in Ghana's agricultural programs is the advances made in rice production. Large-scale rice farms in the north are doing well. Rice is receiving major attention under the Government's "Operation Feed Yourself" program initiated several years ago.

Total rice imports in 1974 are estimated at about 60,000 tons, but this figure is expected to decline in the future. Most of Ghana's rice needs have been coming from the People's Republic of China and Japan, with the United States as the next most important supplier. U.S. rice exports to Ghana were minimal in 1974, compared with a value of $3.1 million in 1973.

Exploration for offshore oil is being conducted, and, if oil is found, Ghana's imports of a multitude of items likely will boom. Otherwise, financial constraints will permit only moderate increases in overall U.S. agriculture exports to Ghana.

Malaysia Buys More U.S. Leaf

U.S. leaf and cigarette imports formed the backbone of Peninsular Malaysia's domestic tobacco trade in 1974, although the market is relatively small and largely dependent on population growth for future expansion.

Malaysia's leaf production is growing, but there is a chronic shortage of high-quality leaf. U.S. tobacco will continue to hold a major share of the Malaysian leaf import market, provided the price differential between American leaf and that from competing sources is not too great.

American cigarettes—none of these types are manufactured locally—are also popular and, from present indications, will continue to be important tobacco product imports.

Of total leaf imports of 14.7 million pounds in 1974, 10.4 million pounds—70 percent of the total—came from the United States. Purchases of U.S. cigarettes last year amounted to 739,000 pounds, 67 percent of total imports of 1.1 million pounds.

Imports of leaf and cigarettes were larger in 1974 than in the previous year. Total leaf imports were 41 percent greater, while those from the United States increased by about 26 percent. The cigarette import total was 42 percent larger; that from the United States was up by 44 percent.

In 1973—the last year for which complete country data are available—U.S. leaf purchases by Malaysia were 8.2 million pounds, valued at $11.4 million. Mozambique followed with 787,973 pounds and $509,750. Other important sources for Malaysia's unmanufactured leaf imports were the Republic of Korea (413,288 pounds, $339,600), the Republic of China (357,550 pounds, $237,720), and Canada (271,722 pounds, $344,830).

The four most important sources of Malaysia's cigarette imports in 1973 were the United States, with 510,140 pounds valued at $1.5 million; the United Kingdom, 207,585 pounds and $622,585; Singapore, 53,456 pounds and $169,810; and France, 1,581 pounds and $1,625.

Malaysian exports of leaf totaled 46,000 pounds in 1974 against 321,000 pounds in 1973, a decline of about 86 percent. Exports of cigarettes continue to be insignificant. The local industry cannot compete with Singapore's factories, largely because of Singapore's more advantageous position athwart the shipping lanes.

Peninsular Malaysia's imports of tobacco products, other than leaf and cigarettes, were 682,964 pounds in 1974, compared with 814,592 pounds in 1973, a decline of approximately 16 percent. Exports of these commodities totaled 392,904 pounds in 1974 against 4,838 pounds in 1973.

Tobacco cultivation is an expanding smallholder industry in Peninsular Malaysia. Total acreage was estimated at 26,530 acres in 1974, up 28 percent from the previous year's, and more than double the 12,000-acre average of the previous 5 years. But this growth has resulted in a sharp increase in lower quality tobacco; output of quality flue-cured leaf has not expanded apace.

Most of the increase occurred after the 1971 crop, when less than 10,000 acres were planted. The next year acreage zoomed to 19,870 acres. This unprecedented acreage expansion has been attributed to competition between the two largest domestic cigarette manufacturers in the purchase of domestic flue-cured leaf. Each attempted to maintain its profitability in the face of increases in the duty on imported leaf and rising production costs by buying more domestic leaf.

By offering increased prices for domestic tobacco, the manufacturers induced inexperienced farmers to grow leaf. As a consequence, tobacco cultivation, once a relatively well organized activity, got out of hand. The market was soon swamped by large quantities of inferior leaf produced by independent farmers over whom neither cigarette manufacturer exercised control nor supervision. Farmers who remained tied to the rival companies, and who had been trained by them, continued to produce a relatively good-quality leaf under company supervision.

The Government responded to this chaotic situation by establishing a National Tobacco Board to restabilize the market and control production. The Board's most significant achievements are the introduction of a price structure and grade specifications for domestic

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Australian Burley Output Up

The Australian burley industry has grown in 9 years from zero production to the point where it can supply most of the country's requirements. But there is little hope at present that burley can be exported in the near future.

Averaging only 409,000 pounds a year between 1968 and 1972, Australia's burley output rose to 992,000 pounds in 1973 and passed the 1-million-pound mark in 1974. Present area devoted to burley totals over 500 acres in Victoria and about 50 in New South Wales.

The Australian burley industry got its start after an Australian tobacco

Indian HYV Grain Continues Its Upward Climb

India's grain production in 1974/75 is slightly below last year's level, but high-yielding grain varieties (HYV) make up about half of the total. Output of traditional grain varieties has been on a general downtrend since 1966/67, when HYV grains were first planted in India, while that of the high-yielding varieties has risen consistently—each year for rice and all but 1 year for wheat and coarse grains.

Indian production of high-yielding wheat varieties in 1974/75 recovered from last season's falloff and set a record some 1.8 million tons larger than the previous one set in 1972/73. Output of HYV rice set its eighth consecutive record since 1966/67. HYV coarse grain production was off by 500,000 tons from last year's high. (All tons are metric.)

In 1966/67, HYV grains totaled just 3.8 million tons out of a total grain production of 65.9 million.

HYV grain production in 1974/75 totaled a record 45.4 million tons with the HYV share of total grain output

product manufacturing firm official visited U.S. burley-growing regions in 1966 and became convinced that a similar leaf could be grown in Australia.

A small cultivation project was started in the Kiewa Valley of Victoria where a few hundred plants were grown and cured in a nearby house. The following year an acre of tobacco was planted in Victoria, and additional plots were seeded in the south Queensland and Mareeba areas. These latter were later abandoned.

Australian burley growers soon realized that this tobacco type was a unique plant with its own needs and problems. They learned, for example, that burley is a heavy user of nutrients and requires about 200 pounds of nitrogen, 320 pounds of phosphorus, and 480 pounds of potassium per acre—also that it requires large quantities of micronutrients that are normally available in the soil.

Australian burley growers use many of the same—or similar—production methods employed in the United States. Because the leaves on a burley plant ripen almost simultaneously from bottom to top, the entire plant is harvested by lopping it off at the base when the bottom four leaves are primed. The stalk is speared onto a tobacco stick using a sharply pointed hollow steel cone and is left in the field to dry for up to 3 days.

A curing facility varies in cost between $2,200 per acre of tobacco handled (based on an exchange rate of $A1=US$1.36) and $4,000. Within this range it is possible to build a wide variety of shed types, the simplest being one with sliding doors in the side walls.

Most Australian burley is sold under contracts negotiated with the respective State Tobacco Boards, renewable every 5 years. Because of the high capital cost involved, the contract remains with the farm and is transferable to the new owner. However, if a change of ownership occurs the contract is subject to renewal after 1 year. Provided the new owner has met the contract conditions during this period, a new 5-year contract will be negotiated.

The grower must be willing to plant a minimum of 10 acres of tobacco, to be located in a suitable area, and have sufficient water. He must own enough land to allow him to rotate his crop each year.

In the initial years the contract price established for burley was about $1.08 per pound, corrected either way to an 18 percent moisture content. During 1969, 1970, and 1971 a simple schedule using three grades was applied to each stalk position. Based on average grade outturn for 3 years, the schedule set the top grade at $1.14 per pound, the middle grade at $1.08, and the bottom at 99 cents, for an average of $1.07 per pound. The average price was increased by 2.5 U.S. cents per pound for the 1973 crop and is now at $1.11 per pound.

In addition, five factors, each carrying a discount of about 5 cents per pound, apply to the two lower grades if the leaf suffers from color variegation or houseburn, or is muddy, green, or mixed with other grades.

After many trials, two basic varieties were found to be the most suitable to Australian conditions. These are Burley 21 and a male sterile F1 hybrid 21x10. The latter variety retains the high quality of B-21 but also benefits from the high-yield potential of its other parent, Kentucky 10. However, 21x10 will not produce seed naturally and it is necessary to use a process that is extremely costly and tedious, requiring each individual flower to be hand pollinated. The estimated cost of this seed is about $68 an ounce, but the advantages accruing from its use are felt to justify the expense.

Research is being carried on to develop a mold-resistant burley variety. Several new ones are being tested in Mareeba Valley and may be generally available in the near future. Because of the advantages of hybrid seed, any mold-resistant variety developed will probably be hybridized with 21x10 to form an F2 male sterile hybrid.

Potential for the expansion of Australia's burley production is limited because of Australia's small overall need. The average yield per acre over the last

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rising from 5.7 percent in 1966/67 to about 49.9 percent in 1974/75. Only in 1973/74 did production of HYV wheat—at about 1.8 million tons less than the previous year's 17.8 million tons—fail to show an increase.

A breakdown by grain variety, comparing output of high-yielding varieties with traditional varieties (in parentheses), in thousand metric tons, indicates the 1974/75 relationship between the two: Rice, 18,500 (21,100); wheat, 19,600 (6,400); coarse grains, 7,300 (18,000). In 1966/67, the comparison was: Rice, 1,900 (28,538); wheat, 1,278 (10,115); coarse grains, 610 (23,443).

Area planted to HYV cereals in India has risen steadily since 1966/67, when the first extensive use of high-yielding varieties of Mexican wheat and Philippine rice occurred. Total area planted to HYV grains jumped from 4.7 million acres in 1966/67 to about 70.2 million in 1974/75.

Average yield of all cereals increased from 630 pounds per acre in 1966/67 to a peak of 847 pounds in 1970/71. It fell to 791 pounds in 1972/73, but has been rising steadily since, reaching 815 in 1974/75. Wheat yield in 1974/75 was the second largest on record—1,208 pounds per acre, compared with 1,231 pounds in 1971/72. In general, however, the yield of HYV rice and wheat has been falling, while that of coarse grains remained relatively stable.

The 1974/75 comeback in production of HYV wheat was brought about by a combination of strong efforts to supply required inputs and good weather in February and March. Wheat has been the glamour crop of India's Green Revolution but last year's setback in HYV wheat caused some observers to voice grave doubts about its future role in India's food production plans.

There was great contrast between the unfavorable weather during the critical wheat-growing stages in early 1974 and the more favorable conditions in 1975. March heat in 1974 tended to spur the spread of rust diseases in wheat fields where plants had been weakened by shortages of rain or irrigation water, but good weather in February and March 1975 helped the wheat production figure to climb.

In 1973/74 wheat farmers suffered from shortages of diesel fuel and electricity to operate their irrigation pumps. To avoid this in the 1974/75 season, some factories were closed to make more electricity available.

By JOHN B. PARKER, JR., ERS

Despite Big Demand, Danish Poultry Industry Is Hurting

DESPITE INCREASES in poultry meat production, and larger domestic offtake and exports, 1974 was a bleak year for the Danish poultry meat industry, as most producers and processors suffered heavy financial losses. Production was down slightly in early 1975, but recent activities indicate production may approach the 1974 level in the last half of the year.

Exports showed an increase in early 1975 and the industry claims that—despite losing money on its foreign sales—it must continue to sell overseas. One plus resulting from these exports is that they eliminated Danish surplus stocks.

Profits in 1973 had been good and the broiler industry expected 1974's to be equally so. However, Denmark's 400 broiler producers were caught in a severe price/cost squeeze last year and profits plummeted. Slaughterhouse income suffered the biggest drop as they tried to encourage producers to remain in production. Egg producers have also sustained profit falloffs since mid-1974.

The industry claimed losses in 1974 of $7.2 million for broiler producers and $12.5 million for the slaughterhouses. DANPO—Denmark's largest poultry company—reorganized in late 1974 with money from other Danish poultry cooperatives, but it is reportedly still in trouble. The second largest poultry firm—KFK-Poultry—is said to have lost $4.2 million and was forced to sell its egg operation.

Production. Commercial poultry meat output rose by 6 percent in 1974 to 95,000 metric tons, and broiler production increased by 4.1 million head to 70 million. Slaughter weights were down in the first half of 1974 but were up in the second half. Layer cullings boosted hen slaughter 29 percent to 2.2 million head. Turkey slaughter also increased by 3 percent, to 1.1 million head, while duck and goose slaughter both fell—by 6 percent, to 2.1 million head, and 26 percent, to 100,000 head, respectively.

In 1974, the Danish poultry industry agreed with other European Community producers to limit broiler output. The Danes received a quota of 74,000 tons for the year. As a result, they took 4.8 million unhatched eggs from incubation and halted slaughter during most of July. In August, they culled 180,000 head of broiler parent stock.

Egg production totaled 73,200 metric tons, compared with 73,000 tons in 1973. Because of the voluntary curbs on broiler production, egg breakings rose from 4,729 tons to 5,785 tons.

Large turkey stocks caused producers to suspend poult hatchings in September 1974. Turkey producers completely stopped production for slaughter in December 1974 and by early June 1975 slaughter was running 69 percent behind last year's pace.

Both DANPO and KFK-Poultry introduced new poultry products on the domestic market in 1974. For the catering trade, DANPO brought out turkey rolls whose entire output had previously been exported.

KFK-Poultry launched a smoked chicken roll on the home market late in the year and may plan future exports, although none had occurred through the spring of 1975.

POULTRY MEAT output declined 9 percent in the January-May 1975 period, but the downtrend may be slowed or reversed in the second half of the year. Because of early-year slackoffs, some producers had already closed their 1973 volumes from Denmark. a 50 percent cut in turkey output.

Exports. The Danes boosted poultry meat exports 13 percent in 1974 to 56,640 tons, with value rising by 17 percent to US$62 million. A Danish export milestone was achieved when Denmark concluded a 2,000-ton monthly broiler contract with Cuba.

Mideast countries took almost double their 1975 volumes from Denmark. Kuwait, the prime market there, took 5,662 tons. Other Middle East markets showed sizable growth in 1974 and Iran began to import Danish poultry—taking 1,208 tons during the year.

Overall exports of poultry products to the Far East advanced 22 percent, with sales to Singapore up 113 percent to 4,293 tons, and to Japan up 32 percent to 3,618 tons. Those to Hong

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From top: Danish poultry plant; chicks hatching in incubator; and export-packed Danish poultry. Last year was not a profitable one for the Danish poultry industry, but 1975 may be some better.

CROPS & MARKETS

U.S. Farm Team To Visit Eastern Europe. The Illinois Farm Bureau is sending a 12-man farm products sales mission to Eastern Europe for 2 weeks in late September-early October. Headed by Illinois Farm Bureau President Harold B. Steele, the delegation will visit East Germany, Poland, Hungary, Romania, and Yugoslavia. In addition to these East European countries, the team will also go to cities in the United Kingdom and West Germany.

"It now appears that the United States will be blessed with record crops of both corn and wheat, as well as an unusually large crop of soybeans—more than enough to satisfy American demands. Eastern Europe appears to be our best potential for expanded exports of farm products," Mr. Steele said.

In addition to Mr. Steele and three other officials of the Illinois Farm Bureau, the delegation will consist of eight members from various agribusinesses, other farm groups, the Illinois State Department of Agriculture, plus a representative of the Foreign Agricultural Service.

Mexico Sets Agreement With CEMA. Mexico recently signed an economic, scientific, and technological cooperation agreement with the Council of Mutual Economic Assistance (CEMA). Mexico is the third non-Communist nation concluding a formal agreement with CEMA. Finland, in 1973, and Iraq, in July 1975, made similar agreements.

CEMA is comprised of all East European countries except Yugoslavia, plus the USSR, Mongolia, and Cuba. It is difficult to predict what effect Mexico's signing will have on its agricultural trade. Mexico's cooperation with CEMA may be on a technological level only.

COTTON

Venezuela To Export Cotton. Venezuela, normally an importer of small amounts of cotton plans to export cotton for the first time. A Venezuelan trade mission has reportedly visited Chile to negotiate the sale of 25,000 bales of cotton.

Cotton production in Venezuela has more than doubled since 1970 to 150,000 bales in 1974/75, as a direct result of substantially increased plantings. The Venezuelan Government recently granted an export subsidy to the cotton industry equaling 45 percent of the domestic price.

French Textile Production Falters. French textile production in calendar 1974 dropped 4.4 percent in volume below 1973's. The reduction reflects the world textile recession and reverses a previous average annual expansion of 4-5 percent. Manmade-fiber textile production, which shrank 9.5 percent, accounted for most of the decline, while production of cotton yarn was off 1 percent, and fabric, 1.3 percent.

France's textile trade deficit worsened in 1974. Total textile imports increased 38 percent, to a record 21 billion francs, while exports increased 18 percent, to 13.5 billion francs. Almost all the increase in value was due to higher prices.

Imports from the United States which accounted for 4 percent of total import value, increased 58 percent, with most of the gain reported for cotton cloth, especially denim and corduroy. More than half of French textile trade is with its European Community partners.

If textile demand does not pick up soon, France's industry is expected to continue to press the Government for assistance, including establishment of quotas on foreign textile imports. Currently, the French Government monitors imports by requiring import authorizations.

TOBACCO

Soviet Smokers Like U.S. Cigarettes. Brisk sales in the Soviet Union of American-blend filter cigarettes commemorating the joint Apollo-Soyuz space mission may indicate a potential market for licensed U.S. brands.

East European and Soviet smokers traditionally smoke the oriental-type cigarette, which is more commonly available. But the specially packaged cigarettes made in Moscow from tobacco and filters supplied by a U.S. manufacturer nearly sold out in Russia.

In addition to the distinctly Western taste and appearance, the novelty aspect and general popularity of commemorative cigarettes in the Soviet Union may also have contributed to sales volume. Sales of the same special issue were reported weak in the United States, where they retailed for $1 per pack.

LIVESTOCK • PRODUCTS

Morocco Ups Imports of U.S. Cattle. Morocco has issued a tender, expiring September 30, for 500 head of registered Holstein heifers, with an estimated value of $600,000. Morocco is developing market for U.S. Holstein cattle that started slowly in 1970 with the sale of only 71 head. In 1974. Morocco bought 336 head.

There are some serious problems in the development of the cattle-export business in Morocco, most importantly, Morocco's lack of modern technology in nutrition, management, and sanitation.

Foot-and-Mouth Fells Italian Pigs. In August, three outbreaks of foot-and-mouth disease (FMD) were reported in the Ravenna area of Italy. The outbreak affected some 1,850 pigs; all are to be slaughtered and all other pigs and cattle in the area vaccinated.

The outbreak is reported to have been caused by 01-type virus, which is extremely virulent for pigs. The last outbreak of FMD in Ravenna was reported in 1972.

OILSEEDS • PRODUCTS

India's Peanut Crop Up, Meal Exports Down. Thanks to favorable monsoon rains, India's 1975 peanut crop is expected to be at least 6 million metric tons (in-shell basis), 1 million tons above last year's drought-reduced harvest. This year, planting conditions were ideal and supplies of fertilizer and pesticide were reportedly abundant.

India's exports of peanut meal during calendar 1975 are expected to be 550,000 tons, considerably below 1974's

708,000 tons. Peanut-meal exports, currently saddled with a $15.26-per-ton export duty, are facing stiff competition from soybean-meal exports in West European and Japanese markets. Of 302,000 tons exported during January-June this year, East European and Soviet buyers took almost 90 percent, or 271,000 tons. India's leading peanut-meal customers during this period were Poland (102,000 tons), USSR (73,000 tons), and East Germany (46,000 tons).

Canadian Oilseed Output Rising. Canada's estimates of 1975 oilseed production, based on conditions as of August 15, indicate big gains in rapeseed and flaxseed output.

Rapeseed production is expected to reach 73.7 million bushels (1.67 million metric tons), 44 percent above 1974's output of 51.3 million bushels. The rapeseed area was expanded to 4.02 million acres from 3.16 million last year and the average yield, estimated at 18.3 bushels per acre, is considerably higher than the 16.2 bushels of 1974.

Flaxseed production should total 17.7 million bushels—up 28 percent from the 13.8 million of 1974. Although area declined in 1975 to 1.4 million acres from 1.45 million a year ago, the average yield is expected to be 12.6 bushels per acre, compared with only 9.5 bushels last year.

No estimate of soybean production was included in the September 5 report. However, a previous official estimate, released on August 29, placed the 1975 soybean area at 390,000 acres, 12 percent below the 445,000 acres planted in 1974.

Malaysia/Japan To Build Palm Oil Refinery. Malaysia's Federal Land Development Authority (FELDA) and two Japanese firms will jointly establish a palm oil refining complex with an authorized capital of M$14 million (US$5.6 million). FELDA will provide 66 percent of the funds and the remaining 34 percent will be provided by the Japanese partners.

The initial refining capacity of the project will be 3,000 long tons per month and later will be expanded to 10,000 tons per month.

—GRAINS • FEEDS • PULSES • SEEDS—

Bad Weather Hurts Canadian Wheat. Cool, wet weather which began in the last week of August and continued into the first week of September has slowed grain harvesting operations in the Prairie Provinces of Canada. Some deterioration in quality has already been noted in unharvested grain, especially sprout damage in swathed grain in Manitoba and Saskatchewan.

Although the weather improved on September 8, there have been reports of frosts. The extent of frost damage, if any, is unknown at this time.

EC Grain Traders Want Fixed Levies. The European Grain Trade Association has reportedly requested European Community Commissioner Lardinois to end immediately the current suspension on forward import levy fixations for corn and barley. The association claims that imports currently permitted on a day/levy basis, and the uncertainty of the prospective supply and demand for the two feedgrains, have created a situation in which the grain traders are unable to guarantee their customers' requirements at acceptable prices.

Rotterdam Grain Prices and Levies. Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Sept. 15	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	6.23	+14	5.82
USSR SKS-14	(1)	(1)	(1)
French Feed Milling [2]	4.11	−10	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.55	+4	5.80
U.S. No. 2 Hard Winter:			
13.5 percent	5.25	+13	5.76
No. 3 Hard Amber Durum	6.97	+24	7.66
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	4.52	+10	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.48	+1	3.90
French Maize [2]	3.58	−8	(1)
Argentine Plate corn	4.03	−11	4.14
U.S. No. 2 sorghum	3.30	+2	3.71
Argentine-Granifero sorghum	3.34	+3	3.79
U.S. No. 3 Feed barley	3.48	+10	3.34
Soybeans:			
U.S. No. 2 Yellow	6.18	−2	8.40
EC import levies:			
Wheat	.55	−5	0
Corn	.59	+3	0
Sorghum	.77	+4	0

[1] Not quoted. [2] Basis c.i.f. west coast, England
NOTE: Price basis 30- to 60-day delivery

Belgium/Luxembourg Grains Falter. Grain production in Belgium and Luxembourg in 1975 is currently estimated at 1.5 million metric tons, off 30 percent from the 1974 level. Wheat production, estimated at 727,000 tons, is down 28 percent and is the smallest crop since 1966. Production of barley, their most important feedgrain, is down by 39 percent.

Reduced grain production is attributed mainly to adverse weather conditions, which resulted in a reduced sown area, as well as decreased yields. Excessive rainfall last year during the fall and in early winter restricted the area sown to winter grains; total 1975 grain acreage declined by 8.4 percent to 438,290 hectares, the lowest in recent years. Unusually hot, dry weather during the growing season had a significant effect on grain yields.

Wheat imports by Belgium and Luxembourg during August 1-July 31 1975/76 are projected at 1.34 million tons, excluding Durum, compared with 1.245 million tons in 1974/75. Because of the low quality of domestic and other European Community wheat crops this year, imports of hard wheat from the United States and Canada are expected to be significantly above last year's. U.S. wheat exports to Belgium/Luxembourg during 1975/76 are currently projected at 230,000 tons—about 28 percent above the 1974/75 level.

Feedgrain import requirements are also expected to exceed last year's. U.S. sales are expected to show significant increases over 1974/75's. The 1975/76 estimates, with 1974/75 figures in parentheses, in thousands of metric tons, are: Corn, 600 (490); sorghum, 250 (150); and oats, 15 (6).

CCC Credit to Korea, Dominican Republic. The Commodity Credit Corporation (CCC) of the U.S. Department of Agriculture recently issued lines of credit under its Export Credit Sales Program to the Republic of Korea and the Dominican Republic. Both lines of credit were issued to finance imports of U.S. grains.

On September 5, a $10-million line of CCC credit was established to finance purchases of U.S. wheat by the Republic of Korea. Terms provide for 1-year financing and the line is effective through June 30, 1976.

The CCC announced a $12-million line of credit on September 12 to the Dominican Republic. This credit covers purchases of $6 million worth of U.S. wheat and the same value of U.S. rice. Terms provide for 36-month financing and the line is effective through June 30, 1976.

Current CCC interest rates are 8 percent for U.S. bank obligations and 9 percent for that portion of a foreign bank obligation not confirmed by a U.S. bank.

French Wheat, Corn Estimates Lowered. Earlier estimates of France's 1975 wheat and corn production have been revised downward—wheat to 15.7 million metric tons from 16.3 million tons, and corn to 9.2 million tons from 9.6 million tons. Dry weather is responsible for the reductions.

Estimated barley production, on the other hand, has been raised to 9.2 million tons from 9.0 million tons. The estimate of oat production remains at 1.56 million tons.

Finland Expects Good Grain Harvest. It now appears that Finland's grain harvest will be somewhat better than last year's, despite some limitation on yields because of dry weather in July and August. There may be some wheat for export.

Finland has already made some small outside purchases of wheat and rye for blending purposes.

FRUIT • NUTS • VEGETABLES

Mexico's Processing Tomato Output Expands. Mexico's 1975 processing tomato crop was a record 210,000 metric tons, up 31 percent from the previous year's. More than 75 percent of the harvest was grown in the Sinaloa area, with most of the remainder cultivated in the Bajio area. Mexican 1975 harvested area of processing tomatoes is placed at 3,950 hectares, 24 percent greater than a year ago.

Farm prices for processing tomatoes in 1975 varied by region. In the major production area of Sinaloa, grower prices ranged from $62.50 to $81.25 per ton, averaging 16 percent above those of a year ago. Grower prices in the Bajio region ranged from $87.50 to $93.75 per ton, averaging 12 percent more than last year's. The higher prices reflect increased labor costs, as well as climbing costs of other inputs, such as fertilizer, gas, and tractors.

About half of Mexico's 1975 processing tomato tonnage went into production of paste. Puree and catsup each utilized about 20 percent of the crop, and tomato juice and canned tomatoes accounted for the remainder.

In 1974, Mexico exported 9,000 tons of paste and 2,500 tons of puree, shipped mostly to the United States, Canada, Australia, and Japan, in order of volume. No other tomato product categories were exported. The export outlook for 1975 is dim, primarily because of expanded U.S. output of tomato products, and trade restrictions set by the European Community.

Processing capacity has expanded in the Sinaloa area with the installation of two new processing plants and expansion of other existing plants. Several new processing plants reportedly will be constructed next year.

Italian Tomato Processors Aided. On August 14, the Italian official gazette reported that a law has been established to grant Government assistance to the Italian processing tomato industry aimed at guaranteeing full employment in the tomato canning industry and increasing the demand for processing tomatoes. The primary catalyst for the action is the gloomy market situation for the 1975 pack and large carryover stocks from 1974.

Government assistance is in the form of grants to holders of tomato products. For canned whole tomatoes and paste, the grants are about $25.90 and $51.74 per metric ton, respectively. In order to obtain these grants, processing firms must meet the following requirements:

- Stocks of tomato products that qualify must not be sold prior to the end of February 1976;
- Quantity of tomatoes processed in 1975 must at least equal that of 1974;
- Prices paid to growers for fresh tomatoes must be those established in July 1975.

These 1975 grower prices were established at about $144 and $105, per ton for San Marzano and Roma varieties, respectively, destined for canned whole processing. For paste processing, grower price for the Roma variety was set at $75 per ton.

In addition, a subsidy of about $30 per metric ton will be available for half of the quantity of the San Marzano variety processed in 1975, provided that the price paid to growers is not below $144 per ton.

A special committee has been formed by Italy's Ministry of Agriculture, composed of growers, processors, and the Ministry of Industry. Its objective is to prepare annual plans for production, processing, and trade for the following season.

Other Foreign Agriculture Publications

- World Livestock Numbers (FLM 5-75)
- Livestock Import Value In June Was Higher Than Export Value (FLM-MT 8-75)
- Consumption Of Pork And Poultry Products Outpaced Forage-Based Products, 1961-73, In France, Italy, West Germany, United Kingdom, and Japan (FLM 7-75)
- U.S. Raw Cotton Exports In June Were Below Year-Earlier Level (FC 13-75)
- Exports Of U.S. Seeds In 1974/75 Valued At Record $113 Million (FFVS 4-75)
- World Trade In Unmanufactured Tobacco Set A New Record In Calendar 1974 (FT 3-75)
- World Sugar And Molasses Production Lower In 1974/75 Than In 1973/74 (FS 2-75)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.B.: Tel.: 202-447-7937.

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Malaysian Tobacco Imports

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green and flue-cured leaf, which have been accepted by the Ministry of Primary Industries. The Board now issues quotas to licensed tobacco curers.

The slow growth pace of quality leaf is expected to continue for some time because of unpredictable weather and inadequate extension and advisory services in the tobacco areas. In an effort to produce the required volume, the company that pioneered the cultivation of Virginia-type leaf in Kelantan, Malaysia's principal tobacco-growing State, is growing and curing small quantities of tobacco outside of Kelantan.

The company believes that increased domestic production would enable it to halt the profit slide of its products, even though most locally grown quality leaf is now more expensive than imported leaf, even with the import duty and surtax.

Other companies are trying the same tactics to boost production and profitability.

Because of the vagaries of the weather, especially in Kelantan, the national yield per acre ranges from 500-1,000 pounds of dry leaf and fluctuates from year to year. Trade sources indicate that the average national per-acre yield of dry leaf ranges from 600-800 pounds for both flue-cured and sun-dried tobacco. Flue-cured leaf now accounts for at least 90 percent of total domestic leaf output. The remaining 10 percent is a sun-dried local coarse variety that is fast going out of production.

Peninsular Malaysia's tobacco output in 1974 is estimated at approximately 16.8 million pounds, compared with 13.3 million pounds in 1973, an increase of some 26 percent. The 1974 total was about 81 percent above the annual average output in the 5 previous years. Given favorable weather in the state of Kelantan, Peninsular Malaysia is expected to have approximately 30,000 acres under tobacco in 1975. If present average yields are achieved, total production of dry leaf could reach 24 million pounds.

Malaysia's output of cigarettes is preliminarily estimated at 23.9 million pounds in 1974, compared with 21.8 million in 1973, an increase of about 9 percent. Although no official data are available, trade sources indicate that about 90 percent of domestic cigarette production is filter and the balance is nonfilter.

—Based on report from
Office of U.S. Agricultural Attaché
Kuala Lumpur

Australia Burley

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few years has been 2,500 pounds of extremely satisfactory leaf. However, one of the aims of the burley program is to further boost yield.

In 1974, the Victoria Department of Agriculture undertook a small experimental program with burley. This season the Department is being provided with a modern curing barn and breeding is being carried out in an effort to further improve the varieties. Five 1-acre trials are being conducted in the Mareeba district this season, and growers hope that burley production can be expanded into that area.

Danish Poultry

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Kong were down by 32 percent to 2,484 tons. Sales to the Canary Islands rose from 302 tons to 1,930.

Sales to West Germany expanded 23 percent to 10,853 tons to become the largest single export market. All other destinations in Europe were off—the United Kingdom by 29 percent to 2,745 tons; Switzerland by 33 percent to 2,863 tons; Austria, by 55 percent to 857 tons; and Greece, by 82 percent to 748 tons.

During the first 4 months of 1975, exports of poultry meat amounted to 23,906 tons. The boost in sales was largely because of shipments of 9,227 tons of broiler meat to Cuba and a doubling of sales to Denmark's EC partners, totaling 7,274 tons. Shipments to these markets cut exports to the Middle East by some 30 percent, while the Far East received shipments only equal to one-third of those of January-April 1974.

Danish exports of shell eggs dropped 21 percent in 1974 to 10,017 tons. U.S. troop installations in West Germany were the major customers, taking 4,420 tons in 1974 versus 6,049 tons in 1973. West German purchases rose to 3,936 tons, compared with 1,910 in 1973. U.K. purchases dropped from 2,994 tons to 457 tons. In general, trade in egg products continued a downtrend.

Imports. Foreign purchases of poultry products by Denmark remained small. The United States supplied 27 tons of turkey products, mostly turkey rolls, against 36 tons in 1973. The U.S. decline was largely because of unfavorable price relationships.

—Based on report by FRED W. TRAEGER
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